

Message Text

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ACTION EA-12

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COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05
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FM AMEMBASSY SEOUL
TO SECSTATE WASHDC 1965
AMEMBASSY TOKYO

C O N F I D E N T I A L SEOUL 5614

E.O. 11652: GDS
TAGS: ENRG, PFOR, KS, JA
SUBJECT: JAPAN-KOREA JOINT DEVELOPMENT AREA

SUMMARY: WITH EXCHANGE OF RATIFICATIONS OF JAPAN/KOREA
CONTINENTAL SHELL AGREEMENT, CONCESSIONAIRES ARE MAKING
PREPARATIONS TO UNDERTAKE OPERATIONS IN BLOCKS V AND VII,
POSSIBLY COMMENCING AS EARLY AS MAY OR JUNE 1979. THE
POLICY OF THE USG AND GOI ON PERMITTING PRIVATE FIRMS TO
MOVE FORWARD ON THIS MATTER ARE CRUCIAL CONSIDERATIONS AT
THIS TIME IN LIGHT OF THE WELL-PUBLICIZED INTENTION OF
ROKG TO BEGIN EXPLORATION AS SOON AS POSSIBLE, ON A MATTER
IT CONSIDERS OF VITAL NATIONAL INTEREST. END SUMMARY.

1. HAROLD R ALLISON, V.P. TEXACO INTERNATIONAL, AND
LOCAL TEXACO REPRESENTATIVE, VISITED EMBOFFS JUNE 28 TO
DISCUSS FUTURE ACTIONS FOR OFFSHORE OIL EXPLORATION ON
BLOCKS V AND VII. THEY DENIED RECENT PRESS SPECULATION
THAT TEXACO HAD BEEN DESIGNATED AS OPERATOR. WHILE THIS
APPEARS PROBABLY FOR BLOCK V, WHERE TEXACO HAS PRINCIPAL
CONCESSION, TEXACO OFFICIALS NOTED THAT SOME KOREANS FAVORED
KOAM FOR BLOCK VII, WHILE OTHERS FELT THAT AS A TRADE OFF
TO ENSURE JAPANESE SUPPORT, NOD MIGHT BE GIVEN TO NIPPON
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OIL EXPLORATION CO.

2. TEXACO OFFICIALS CONTINUED THAT FIRM IS "GEARING UP"
TO START DRILLING IN EARLY SUMMER OF 1979. DISCUSSIONS ARE
UNDERWAY WITH JAPANESE AND KOREAN CONCESSIONAIRES TO FORM
OPERATING COMMITTEE, AND THEY HOPE TO REACH AGREEMENT BY MID-
JULY. AFTER DRILLING PROGRAM AND BUDGET DRAWN UP, NEGOTIATIONS

WILL BE INITIATED TO DESIGNATE OPERATOR(S).

3. TEXACO INTENDS TO SEND GROUP OF OFFICIALS TO WASHINGTON, PROBABLY IN LATE JULY, TO MEET WITH U.S. GOVERNMENT REPRESENTATIVES AND LEARN PRESENT USG POSITION ON COMMENCEMENT OF DRILLING OPERATIONS NEXT YEAR. MOST PROMISING PROSPECTS APPEARS TO BE IN WESTERN PART OF BLOCK V AND EASTERN SECTION OF BLOCK VII, BOTH CLAIMED BY PRC. HOWEVER, TEXACO OFFICIALS THOUGHT PRC CLAIM WAS ABSURD ON ITS FACE AND HOPED USG WOULD NOT STAND IN WAY OF MOVING AHEAD.

4. IN ADDITION TO U.S. ATTITUDE, REAL JAPANESE POSITION IN MOVING FORWARD AT A RAPID PACE IN EXPLORATION REMAINS TO BE ASCERTAINED. CABINET MINISTER ABE'S STATEMENT OF EARLY JUNE THAT JAPAN WOULD WITHHOLD INVESTMENT AND LOANS FOR EXPLORATION IN BLOCK VII UNLESS DISPUTE WITH PRC WAS RESOLVED WAS NOTED AS A NEGATIVE FACTOR. ON THE OTHER HAND, THE RAPID EXCHANGE OF RATIFICATIONS APPEARS ENCOURAGING. TEXACO OFFICIALS BELIEVE LITMUS TEST WILL BE HOW FAST GOJ GRANTS MINING RIGHTS TO FIRMS FOR EXPLORATION IN BLOCK VII.

5. FOR DEPARTMENT: WITH EXCHANGE OF RATIFICATION ON JAPAN/KOREA OIL EXPLORATION AGREEMENT, THE QUESTION OF USG POLICY TOWARD U.S. FIRMS' UNDERTAKING EXPLORATION AND DRILLING IN DISPUTED SECTIONS OF BLOCKS V AND VII (IN LIGHT OF PRC'S

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CLAIMS) APPEARS PARAMOUNT, NOT ONLY TO THE COMPANIES INVOLVED BUT ROKG AND PROBABLY GOJ. COMPANY REPRESENTATIVES AFFIRMED THEY WOULD PREFER USING SOPHISTICATED EQUIPMENT BUT WOULD BE PREPARED TO UTILIZE NON-USG PROPRIETARY EQUIPMENT IF NECESSARY. IT IS THEIR, AND EMBASSY'S, UNDERSTANDING PRC CLAIM EXTENDS ALONG 200 METER LINE. PLEASE CONFIRM. WE WOULD ALSO APPRECIATE BEING ADVISED AS SOON AS POSSIBLE ON USG POSITION IN THIS MATTER SINCE IT WILL HAVE SIGNIFICANT EFFECT ON OUR BILATERAL RELATIONS IN LIGHT OF KOREAN DESIRE, IF NOT OBSESSION, TO MOVE FORWARD AS RAPIDLY AS POSSIBLE.

6. FOR TOKYO: WE WOULD APPRECIATE EMBASSY TOKYO'S ASSESSMENT ON HOW FAST GOJ IS PREPARED TO MOVE IN EXPLORING BLOCKS V AND VII. REQUEST EMBASSY ALSO MONITOR GOJ ACTIONS IN GRANTING MINING RIGHTS AND KEEP US ADVISED AS TO ACTIONS, AND POSSIBLE DELAYS, IN THIS AREA.

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